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EXAMINER

DURAN, ARTHUR D

ART UNIT	PAPER NUMBER
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3622

DATE MAILED: 02/09/2004

Please find below and/or attached an Office communication concerning this application or proceeding.

Office Action Summary

Application No.

09/777,212

Applicant(s)

WYKER, KENNETH S.

Examiner

Arthur Duran

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-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If the period for reply specified above is less than thirty (30) days, a reply within the statutory minimum of thirty (30) days will be considered timely.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133).
- Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

- 1) ☒ Responsive to communication(s) filed on 05 February 2001.
- 2a) ☐ This action is **FINAL**. 2b) ☒ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

- 4) ☒ Claim(s) 1-41 is/are pending in the application.
- 4a) Of the above claim(s) _____ is/are withdrawn from consideration.
- 5) ☐ Claim(s) _____ is/are allowed.
- 6) ☒ Claim(s) 1-41 is/are rejected.
- 7) ☐ Claim(s) _____ is/are objected to.
- 8) ☐ Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on _____ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.
- Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).
- Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. §§ 119 and 120

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All b) ☐ Some * c) ☐ None of:
1. ☐ Certified copies of the priority documents have been received.
 2. ☐ Certified copies of the priority documents have been received in Application No. _____.
 3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).
- * See the attached detailed Office action for a list of the certified copies not received.
- 13) ☐ Acknowledgment is made of a claim for domestic priority under 35 U.S.C. § 119(e) (to a provisional application) since a specific reference was included in the first sentence of the specification or in an Application Data Sheet. 37 CFR 1.78.
- a) ☐ The translation of the foreign language provisional application has been received.
- 14) ☐ Acknowledgment is made of a claim for domestic priority under 35 U.S.C. §§ 120 and/or 121 since a specific reference was included in the first sentence of the specification or in an Application Data Sheet. 37 CFR 1.78.

Attachment(s)

- 1) ☒ Notice of References Cited (PTO-892)
- 2) ☐ Notice of Draftsperson's Patent Drawing Review (PTO-948)
- 3) ☒ Information Disclosure Statement(s) (PTO-1449) Paper No(s) 4.
- 4) ☐ Interview Summary (PTO-413) Paper No(s). _____.
- 5) ☐ Notice of Informal Patent Application (PTO-152)
- 6) ☐ Other: _____

DETAILED ACTION

1. Claims 1-41 have been examined.

Claim Rejections - 35 USC § 101

35 U.S.C. 101 reads as follows:

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

2. Claims 19, 29 are rejected under 35 U.S.C. 101 because the claimed invention is directed to non-statutory subject matter. These claims are rejected under 35 U.S.C. 101 because these claims have no connection to the technological arts. The method claims do not specify how the claims utilize any technological arts. For example, no network or server is specified. To overcome this rejection, the Examiner recommends that the Applicant amend the claim to specify or to better clarify that the method is utilizing a medium or apparatus, etc within the technological arts. Appropriate correction is required.

As an initial matter, the United States Constitution under Art. I, §8, cl. 8 gave Congress the power to "[p]romote the progress of science and useful arts, by securing for limited times to authors and inventors the exclusive right to their respective writings and discoveries". In carrying out this power, Congress authorized under 35 U.S.C. §101 a grant of a patent to "[w]hoever invents or discovers any new and useful process, machine, manufacture, or composition or matter, or any new and useful improvement thereof." Therefore, a fundamental premise is that a patent is a statutorily created vehicle for Congress to confer an exclusive right to the inventors for "inventions" that promote the progress of "science and the useful arts". The

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phrase "technological arts" has been created and used by the courts to offer another view of the term "useful arts". See *In re Musgrave*, 167 USPQ (BNA) 280 (CCPA 1970). Hence, the first test of whether an invention is eligible for a patent is to determine if the invention is within the "technological arts".

Further, despite the express language of §101, several judicially created exceptions have been established to exclude certain subject matter as being patentable subject matter covered by §101. These exceptions include "laws of nature", "natural phenomena", and "abstract ideas". See *Diamond v. Diehr*, 450, U.S. 175, 185, 209 USPQ (BNA) 1, 7 (1981). However, courts have found that even if an invention incorporates abstract ideas, such as mathematical algorithms, the invention may nevertheless be statutory subject matter if the invention as a whole produces a "useful, concrete and tangible result." See *State Street Bank & Trust Co. v. Signature Financial Group, Inc.* 149 F.3d 1368, 1973, 47 USPQ2d (BNA) 1596 (Fed. Cir. 1998).

This "two prong" test was evident when the Court of Customs and Patent Appeals (CCPA) decided an appeal from the Board of Patent Appeals and Interferences (BPAI). See *In re Toma*, 197 USPQ (BNA) 852 (CCPA 1978). In *Toma*, the court held that the recited mathematical algorithm did not render the claim as a whole non-statutory using the Freeman-Walter-Abele test as applied to *Gottschalk v. Benson*, 409 U.S. 63, 175 USPQ (BNA) 673 (1972). Additionally, the court decided separately on the issue of the "technological arts". The court developed a "technological arts" analysis:

The "technological" or "useful" arts inquiry must focus on whether the claimed subject matter...is statutory, not on whether the product of the claimed subject matter...is statutory, not on whether the prior art which the claimed subject matter purports to replace...is statutory, and not on whether the claimed subject matter is presently perceived to be an improvement over the prior art, e.g., whether it "enhances" the operation of a machine. *In re Toma* at 857.

In *Toma*, the claimed invention was a computer program for translating a source human language (e.g., Russian) into a target human language (e.g., English). The court found that the claimed computer implemented process was within the "technological art" because the claimed invention was an operation being performed by a computer within a computer.

The decision in *State Street Bank & Trust Co. v. Signature Financial Group, Inc.* never addressed this prong of the test. In *State Street Bank & Trust Co.*, the court found that the "mathematical exception" using the Freeman-Walter-Abele test has little, if any, application to determining the presence of statutory subject matter but rather, statutory subject matter should be based on whether the operation produces a "useful, concrete and tangible result". See *State Street Bank & Trust Co.* at 1374. Furthermore, the court found that there was no "business method exception" since the court decisions that purported to create such exceptions were based on novelty or lack of enablement issues and not on statutory grounds. Therefore, the court held that "[w]hether the patent's claims are too broad to be patentable is not to be judged under §101, but rather under §§102, 103 and 112." See *State Street Bank & Trust Co.* at 1377. Both of these analysis goes towards whether the claimed invention is non-statutory because of the presence of an abstract idea. Indeed, *State Street* abolished the Freeman-Walter-Abele test used in *Toma*. However, *State Street* never addressed the second part of the analysis, i.e., the "technological arts" test established in *Toma* because the invention in *State Street* (i.e., a computerized system for determining the year-end income, expense, and capital gain or loss for the portfolio) was already determined to be within the technological arts under the *Toma* test. This dichotomy has been recently acknowledged by the Board of Patent Appeals and Interferences (BPAI) in

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affirming a §101 rejection finding the claimed invention to be non-statutory. See *Ex parte Bowman*, 61 USPQ2d (BNA) 1669 (BdPatApp&Int 2001).

In the current application, no technological art (i.e., computer, network, server) is being utilized by claims 19, 29. Appropriate correction is required.

Claim Rejections - 35 USC § 102

The following is a quotation of the appropriate paragraphs of 35 U.S.C. 102 that form the basis for the rejections under this section made in this Office action:

A person shall be entitled to a patent unless –

(b) the invention was patented or described in a printed publication in this or a foreign country or in public use or on sale in this country, more than one year prior to the date of application for patent in the United States.

3. Claim 1-5, 7-21, 23-31, 33-41 are rejected under 35 U.S.C. 102(b) as being unpatentable over Deaton (5,687,322).

Claim 1, 2, 13, 14, 19, 29, 39: Deaton discloses a business method for influencing consumer purchase of retail sales items, comprising the steps of:

- (a) creating an electronic consumer database for each of a plurality of retail stores, the database indicating a purchase history of items purchased by consumers at the retail store (col 73, lines 30-37);
- (b) determining when a common item is offered for sale by each of the retail stores at a reduced retail sales price (col 73, lines 30-35; col 90, lines 6-26; col 74, lines 17-27), the reduced retail sales price being effective for a promotion period determined by each retail store (col 102, line 65-col 103, line 5; col 106, lines 37-50); and

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(c) based on the promotion periods for the common item at respective retail stores and the purchase history of the consumers, offering the common item to a predetermined select group of consumers with a price discount established by a manufacturer of the common item, the manufacturer price discount resulting in a target sales price adapted to influence purchase by the consumer (col 74, line 17-col 75, line 8).

Deaton further discloses offering a complementary item (col 74, lines 3-17).

Deaton further discloses the price discount being valid exclusively during the promotion period for each retail store (col 102, line 65-col 103, line 5; col 106, lines 37-50), and resulting in a target sales price less than the reduced retail sales price (col 90, lines 6-26; col 74, lines 17-27; col 74, lines 38-48; col 71, lines 10-25; col 160, lines 50-60).

Deaton further discloses purchasing an item from a manufacturer for resale at a retail store (col 74, lines 20-25), establishing a retail sales price for the item (col 74, line 65-col 75, line 5; col 74, lines 22-25; col 90, lines 6-26; col 74, lines 17-27).

Claim 3: Deaton discloses a business method according to claim 1, and Deaton further discloses that the manufacturer's price discount is offered at each of the retail stores outside of the promotion period for each retail store (col 114, lines 15-19; col 160, lines 50-60).

Claim 4, 20, 30: Deaton discloses a business method according to claim 1, and Deaton further discloses providing a personalized saving sheet to each consumer of the select group of consumers indicating the target sales price of the item (col 74, lines 59-65; col 160, lines 50-60).

Claim 5, 21, 31: Deaton discloses a business method according to claim 4, and Deaton further discloses that the personalized saving sheet indicates a total savings to the consumer when purchasing the item at the retail store (col 74, line 64- col 75, line 5).

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Claim 7, 23, 33: Deaton discloses a business method according to claim 4, and comprising presenting the personalized saving sheet to the consumer at the retail store (col 73, lines 4-14).

Claim 8, 24, 34, 40: Deaton discloses a business method according to claim 1, wherein the item is sold by the retail store for the target sales price only when purchased in quantities of two or more (col 144, lines 14-16; col 7, lines 37-41).

Claim 9, 25, 35, 41: Deaton discloses a business method according to claim 1, and Deaton further discloses that the item is offered for sale at the target sales price for only one day of the promotion period (col 106, lines 37-50).

Claim 10, 26, 36: Deaton discloses a business method according to claim 1, wherein the item is one that the consumer has a history of purchasing at the retail store (col 74, lines 11-15; col 73, lines 49-57).

Claim 11, 27, 37: Deaton discloses a business method according to claim 1, wherein the item is one that the consumer has no history of purchasing at the retail store (col 74, lines 10-12; col 70, lines 3-10).

Claim 12, 28, 38: Deaton discloses a business method according to claim 1, and comprising automatically applying the target sales price to the item at a point of sale (col 73, lines 4-14).

Claim 15: Deaton discloses a business method according to claim 13, wherein the complementary item is offered for sale at the target sales price for only one day of the promotion period (col 74, lines 8-10; col 106, lines 37-50). Deaton further implies that the coupon targeting

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techniques also apply to the coupon for the complementary item (col 74, lines 7-8; col 74, lines 14-17).

Claim 16: Deaton discloses a business method according to claim 13, wherein the complementary item is one that the consumer has a history of purchasing at the retail store (col 74, lines 8-10; col 74, lines 11-15). Deaton further implies that the coupon targeting techniques also apply to the coupon for the complementary item (col 74, lines 7-8; col 74, lines 14-17).

Claim 17: Deaton discloses a business method according to claim 13, wherein the complementary item is one that the consumer has no history of purchasing at the retail store (col 74, lines 8-10; col 74, lines 10-12). Deaton further implies that the coupon targeting techniques also apply to the coupon for the complementary item (col 74, lines 7-8; col 74, lines 14-17).

Claim 18: Deaton discloses a business method according to claim 13, and comprising automatically applying the target sales price to the complementary item at a point of sale (col 74, lines 8-10; col 73, lines 4-14). Deaton further implies that the coupon targeting techniques also apply to the coupon for the complementary item (col 74, lines 7-8; col 74, lines 14-17).

Claim Rejections - 35 USC § 103

The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

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4. Claim 6, 22, 32 are rejected under 35 U.S.C. 103(a) as being unpatentable over Deaton (5,687,322) in view of Barnett (6,321,208).

Claim 6, 22, 32: Deaton discloses a business method according to claim 4. Deaton further discloses sending the personalized saving sheet to the consumer prior to the consumer entering the retail store (col 74, lines 53-65) and electronic savings sheets (col 73, lines 4-14).

Additionally, the smart card with coupons that Deaton gives the customer at the cash register is an electronic savings sheet given to the customer prior to the customer next entering the retail store.

Deaton does not explicitly disclose that the electronic savings sheet is sent to the customer prior to the customer entering the retail store at all.

However, Barnett discloses electronically sending the personalized saving sheet to the consumer prior to the consumer entering the retail store (Fig. 1; col 5, lines 20-45).

Therefore, it would have been obvious to one having ordinary skill in the art at the time the invention was made to add Barnett's electronically sent saving sheet to the consumer to Deaton's electronic coupons and Deaton's coupons sent to the consumer. One would have been motivated to do this because electronically sent coupons are convenient to many users.

Conclusion

The following prior art made of record and not relied upon is considered pertinent to applicant's disclosure:

a. Katz (6,055,513) discloses upselling and selling complementary products.

b. Tracy (5,979,757) discloses selling complementary products and selling several items in order to receive a discount.

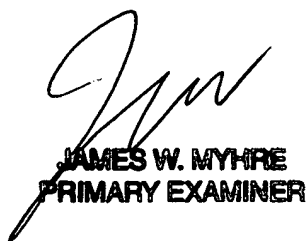
Any inquiry concerning this communication or earlier communications from the examiner should be directed to Arthur Duran whose telephone number is (703)305-4687. The examiner can normally be reached on Mon- Fri, 7:30-4:00.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Eric Stamber can be reached on (703)305-8469. The fax phone number for the organization where this application or proceeding is assigned is (703)872-9326.

Any inquiry of a general nature or relating to the status of this application or proceeding should be directed to the receptionist whose telephone number is (703)308-1113.



11/18/03



JAMES W. MYHRE
PRIMARY EXAMINER